

# German Trade Plotters Plan to Invade America First

## Teuton Advance Guards, Backed by Home Forces, Already on the Ground

By Stanley Frost

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The following is the last of the series of articles on Germany's invisible war of economic piracy:

Germany's new attack on America is going on to-day. Her advance guards are on the ground and behind them are massed the forces of the nation, ready for the new commercial conquest, new trade exploitation, new aggression. Their motto is "Subjugate America First."

The menace is forcibly stated by A. Mitchell Palmer, now Attorney General and lately Alien Property Custodian, in his report on the work of that office, which has been in closest contact with the Hun invaders. He says:

"I do not want to continue the war after the war. I am for peace. I believe that the great overshadowing result which has come from this war is the assurance of peace almost everlasting among the peoples of this earth."

"I would help to make that an absolute certainty by refusing to permit Germany to prosecute a war after the war."

"The military arm of her war machine has been pained by the tremendous hammering of the Allied powers. But her territory was not invaded, and if she can get out of the war with her home territory intact, rebuild a stable government, and still have her foreign markets subject to her exploitation, by means of her economic warfare, she will be able to set out to conquer the world."

### Must Dislodge Hun Within Our Gates

"I have already referred to the importance and necessity of dislodging the hostile Hun within our gates, whose methods are such as to unsettle the future peace of the world," he says again. And he reports that the fight has started.

"With the cessation of hostilities something of a new fighting spirit has developed," he reports, "and lawyers, who while the war was on, would have been unwilling to play any part in resisting the just demands of the government in taking enemy property have not hesitated to throw all sorts of obstacles in the path of the Alien Property Custodian."  
His evidence does not stand alone. The spread of a new propaganda, the appearance of German agents all over the country, the appointment of high officials in Germany because of their familiarity with America, the diplomatic attitude and commercial preparations of the whole German fabric, all prove the same thing. The main outline of the German campaign, IN AMERICA, is already coming into plain view. With a startling accuracy it follows the lines laid down by Herzog, the commercial Treitschke.

### Country Is Full Of Propaganda

FIRST.—PROPAGANDA. The country is full of it, often unrecognized. We are told that the German is a good fellow after all, that we must have him to produce, that we must give him a chance to live and pay indemnities, that we must not "lay up seeds of hate," that we really like him better than the French and British, that he has never hated us; that, in short, we ought to take him back on the old basis, or better.

"The propaganda," says Herzog, "is to be carried out in increased measure even in a different form from before, a form which will not irritate the feelings of past enemies—a form which takes these feelings into account in determining future activity. . . . Dollar-and-cent policies get the last word after all, as it is to be seen in many cases even in war—often against the interests of one's own country—and much more often in peace."

### Germany Has Big Army in America

SECOND.—ESPIONAGE. The country is full to-day of German agents; it has never been cleared of them. Captain George B. Lester, of the Military Intelligence Division, testified before the Overman committee that there was a silent army of more than 200,000 persons registered at the German and Austrian consulates, ready to give their services, usually without pay, to the enemies of America. That army has never been disbanded. Some of its members were driven away—they are beginning to reappear. Some were interned—they will soon be released. A few of the worst were imprisoned, but even they will practically all be freed within two years.

Men who were on that list permeate our business life. They are agents and executives of our factories and traders. They are confidential accountants and experts. They have their fingers on every pulse. Legally, they cannot be touched, but there they are.

"German industries," says Herzog, "must therefore be constantly informed. . . . It is self-evident that for this purpose the industrial federation . . . will devote special efforts to making private connections which have a deeper insight into the special conditions of each case."

### Ready to Start Dumping Campaign

THIRD.—DUMPING. Dumping has long been a scientifically controlled weapon of commercial aggression in

Germany. It has been used to crush out foreign competition.

During the war America has developed a dye industry that shortly bids fair to rival and defeat Germany's, and America also has under way the development of a potash production that will destroy the German monopoly. Germany has been counting on these two industries to be her most powerful weapons against the world, and their usefulness will be gone to her—they will become simply profitable forms of business—if the American industries remain in existence.

Germany will therefore dump into the American market, at any kind of a price, dyestuffs and potash, and she will keep dumping, throwing in the whole resources of the national treasury to cover the loss, until the unsupported American industries can stand the strain no longer. Then will Germany recover her great weapons—and America will pay the indemnities for the trade war.

"This protection of Germany's export trade," says Herzog, "will be permanent and effectual only if the weapons of protection (that is, the indispensable industries) remain exclusively in the possession of German manufacture. . . . Nothing stands in the way of the fulfillment of this condition provided that the war-forged watchword, 'Our country first of all,' retains, in peace time also, the same importance and general recognition which it now commands."

"Among raw materials, the most important will be certain salts necessary in agriculture. . . . The classification of finished products will be somewhat more difficult, since, with few exceptions the dependency of foreign countries upon them is not always easy to prove. In these exceptions are included, briefly, certain dyestuffs and chemicals of an industrial and pharmaceutical nature."

### Secrecy to Mark Huns' Aggression

FOURTH.—SECRECY. The German goods will come under other trade marks and names. The German agents will appear as of other nationalities. Plans for this have been carefully made and are already in full operation. The most astute purchaser will often be deceived, and it will more often be difficult to detect the hand of the Hun behind apparently advantageous proposals and offers.

"In the immediate future," says Herzog, "the presence of anything German among formerly hostile nations is to evoke emotions which are not advantageous for the advancement of commercial relationships. Of this there can be no doubt. Germans will certainly be more careful than ever not to give offence. But in this they will be successful only if they take as a pattern the Swiss method in linguistics. Men in manufacture and industry must take care in future to use foreign languages in a native way. . . . We need not fear that Germanism will suffer because of this."

"A German exterior is necessary for purposes of protection. German efficiency must link itself with a conformability not hitherto exercised. Denationalization of goods should not be avoided. . . . The intrinsic quality of exported goods must be typically German; their external garb, for better or for worse, will have to be anonymous—neutral."

### German Agents Working Together

FIFTH.—MUTUAL AID. The German invaders, often if not always camouflaged, will always be found working together against the American business man and buyer, their manoeuvres controlled from Berlin, their joint efforts being centred on a man or a business, which is often unaware of attack, and still less often aware that he is between two hostile forces, which are cooperating against him.

Organizations to assure this have already reached tremendous proportions in Germany, and the consolidation is still going on, with every indication that it will not cease till every German exporter has been brought inside a single, great cartel, which will control all their outside activities.

"What we need," says Herzog, "is a safeguarding of industry, as a whole, against the special interests of individual industries, which could only be satisfied, to the detriment of industry in general, and interference with the whole export trade. . . . War conditions have caused organizations for the purchase, sale and distribution of material to spring up in our economic life, the possibility of whose formation every one would have doubted before the war—economic organizations with formerly unthinkable authority, and operating, perhaps for this very reason, with shining success. Smooth over their rough edges and you can easily imagine similar bodies in time of peace."

### Bad Faith and Bribery to Be Used

SIXTH.—BAD FAITH. Germany taught us what a "scrap of paper" is. In commerce, as well, her merchants are notorious for their failure to keep their agreements. American business men already know what a German's word is as good as his bond—it requires full security to make either worth anything. Germany will count her willingness to break faith as an asset in her new war, as she did in the old.

"Commercial treaties will come again," says Herzog, "like other international agreements, and probably will be broken again. They must be couched in such terms that they bring advantages to the export trade as long as they are kept, and do not threaten its existence when, for a little variety, they are arbitrarily abrogated."

SEVENTH.—BRIEBERY. Any Ameri-

## Deutschland Still Strives To Be "Uber Alles"

### Rules for the New Trade Battle

D. R. S. HERZOG, the prophet of the New Prussian Piracy, lays down among others these rules for tricking the world:

The reopening of export relationships with once hostile countries must take place through neutrals, instead of through direct representatives, as in the past.

Neutral trading journals represent an effective means for promoting the German manufacturing export trade.

The nationalization of goods should not be avoided.

German exporters must expect that, for a long time after the war, German exports will be outlawed among our present enemies. The intrinsic quality of exported goods must be typically German; their external garb, for better or for worse, will have to be anonymous—neutral.

can who has anything for sale which the Germans want can get his price. Bribery has always been a Prussian weapon. The chief clerk, the confidential employee, the private secretary who has information can always find a market with the Hun agents."

EIGHTH.—UNITED BUYING. Already before the war the German organization succeeded in buying its copper from America at a price that averaged 5 to 10 per cent lower than Americans themselves had to pay. The German organizations are strengthened for this now. By joining hands and placing tremendous orders they will seek to cut under the American market.

### Banks Behind All Invading Companies

NINTH.—BANKING SUPPORT. The German banks have long made it a practice to stand behind their traders in a way which is not done by any other country in the world. They speculate on the success of the business to which they make loans, and they are assured of the whole power of the German banking system, and of the nation behind it, to make each individual speculation good, or to distribute the losses if it finally fails. The German invader will come with a backing such as no American business man can ever hope to get. This was just beginning to work in America when the war broke. A new start is being made.

TENTH.—RECOVERY OF HER STRATEGIC SITUATION IN AMERICA. The war found Germany with a powerful, well coordinated army of invasion well entrenched in this country. The intrenchments have largely been destroyed. Germany's first desire is to get them back.

Throughout the process of seizure and sale of her investments here the German has been fighting hard, by every known means. Charges have been made that he had attempted to bribe government agents to make arrangements whereby he could get his companies back after the war. He has had a bidder at almost every sale, and the most unremitting vigilance has been necessary to prevent the companies going back immediately into camouflaged German hands. Since the armistice these efforts have been redoubled, and the law under which the seizures were made has been attacked at every point—by "American" lawyers.

### Kaiser Tried to Save Invaders Here

No vital were these American investments to him [the Kaiser] that when the seizures began he sent an unprecedented note of protest to the State Department. In this he said:

"The condition put upon the disposition, which is left to the discretion of the President, that it shall be necessary for the national acquisition of the property. . . . The German government must see therein an attempt . . . to shackle, through measures of force, the operation of German interests in the future. . . . consciously aimed to do lasting injury to German economic existence."

The recovery of these interests will be sought in every way—through law suits, through attempts to repurchase, both openly and secretly, and through the use of such German agents as still remain inside the seized organizations.

—and there are many who are at least under suspicion—to undermine them from the inside.

### Huns Still Have Vast Resources

To back up her campaign Germany still has vast resources outside her own territory. Her policy of secrecy and the elaborate camouflage under which she has worked make it impossible to do more than guess at the figures. Those given are such a guess, concurring in by several men who have been in close touch with the matter, and are as of the beginning of the war.

Since that time there has been a heavy seizure in Allied countries, much injury done in neutral countries by the blockade, the trading with the enemy lists, and similar measures, and, on the other hand, a considerably increased German investment in neutral countries and in Russia. Whatever it now amounts to, this sum is out of reach of the measures taken by the peace conference to put German home wealth under control, and will be available for financing her new war.

These are the figures: The United States, two billion dollars; South America, two billions; Great Britain, one billion; Europe, two and one-half billions, and Africa and Asia, a billion and one-half, making a total of nine billions.

### No Legislation Yet To Meet New Menace

Against this gathering menace America can set no measures for defence that have been taken, no preparedness that is ready, except what has been done by the Alien Property Custodian. This is much. Many measures have been suggested, some have been prepared. Opportunities for defence on counter attack are on every hand. But there has been laid before Congress no comprehensive plan, nor has one been offered, and the protection now given by the great war boards is vanishing as they fall to pieces. Indeed, they were never built, and they have not the powers, to give such protection.

One thing has been done, not indeed for the protection of America, but for the benefit of American trade, and that is the great damage inflicted on the German machine in South America through the efforts of the intelligence division of the War Trade Board. Its weapon has been the use of the enemy trading list for the control of exports and shipping which the export and bunker license power gives, and with this it has forced into liquidation many German interests in South America, and has driven others to expensive and crippling subterfuges.

### Heavy Seizure of Huns' Property Here

The chief work done has been that of the United States Alien Property Custodian, under A. Mitchell Palmer and Francis P. Garvan, his successor. They have taken over about 38,000 separate enemy properties, each of which is administered as a separate trust. The book value of these trusts on February 15, 1919, was \$502,945,724.75, but there were some 9,000 trusts as to which no estimate of value had been possible, and in the case of many others the real value will depend on the price realized at the sale, so that the total amount will be not less than

### As Though There Had Been No War

TREVES, April 5 (By The Associated Press).—Determined attempts by the Germans to reestablish commercial relations with the Allied countries as soon as possible are revealed through an examination of correspondence which, under authorization issued recently, is now passing from the American area of occupation through censors to France, England and the United States.

A large percentage of the correspondence during the last few days, it is said, has contained offers or requests for business relations and even advertisements for insertion in British and American newspapers. The tone of the letters indicates that the Germans consider that the war was an involuntary agency which temporarily ruptured trade relations.

\$700,000,000 and may run as high as \$1,000,000,000.

Mr. Garvan believes that the custodian's office is now within measurable distance of completing the task of finding and seizing enemy property—the job of administering and disposing of it will last for many months. Some parts of the country have been swept clear already of practically all that can be seized under the law, and a minute search of other sections is going forward rapidly. New York, which was, of course, the chief centre of enemy investment, is practically clean, and within another month or six weeks the bulk of this work will be over.

Indications of new enemy properties are still coming in, but most of these now involve only small amounts, of little importance from the point of view of commercial strategy. Under the law, too, those which have not been reported, and may still be discovered, will be subject to seizure for failure to report, even after the signing of peace.

### German Papers Gave Best Cues

As has happened so often, the Germans themselves gave the best of assistance in seeking out these properties. German organization demands that the central authority shall know all that is going on, and throughout the war the American investments and companies were continually reporting to the home offices. Since November, 1916, when the government took over the Sayville wireless plants, most of the messages have passed through the hands of the naval censors at Sayville and copies of all these messages have been kept. There are 270,000 of them.

Mr. Garvan has these messages assorted and searched, and he then began investigations on the strength of the information unearthed and the relations shown between American companies and Berlin. One big concern was seized, for instance, following an inquiry started because it had consulted a Berlin person about some raises in salary, though on the surface it was purely American. Mr. Garvan feels confident that there were few German concerns here which did not consult their German owners at some time during the American control of the wireless, and he has got hold of all that did.

### Other Hun Firms Driven Underground

Those concerns which have not been taken over have been driven so far underground that they have been put to great expense and badly crippled, and they will have to stay there or be seized when they come out. In the mean time, in the strategic industries at least, American companies have had time to get a fair start, and, with proper protection through the next critical years, should be able to meet German competition with more than an even chance of success.

Furthermore, some thousands of patents owned by the enemy and bearing royalties have been seized and sold to Americans, or will be so sold. These form a double protection—they enable the American owner to manufacture here the article which had previously been imported from Germany, or made under German supervision in this country, and they also form a protection against German imports of that article, which would infringe that pat-

ent. Not all the German-owned patents have been discovered, it is likely—the United States Patent Office grants approximately 35,000 patents a year—but enough has been done to give the American business man a great advantage. Against this must be set off the loss of American patents in Germany.

### Much Property Could Not Be Seized

But the law has not permitted a clean sweep by the Alien Property Custodian. In the first place, he has been unable to touch the property of a German subject who happened to be resident in America and who behaved himself well enough so that he was not interned as "dangerous." There is considerable property of this kind, and in one or two cases "dangerous" enemies have sought to evade the seizure by sudden transfers of property to wives or daughters who were quite harmless. These are among the cases still in the courts.

In the second place, it has been impossible to locate the amount of German money invested in certain securities. There are millions of dollars worth of stocks and bonds on which no dividends have been called for since the war began, and they are supposed to be going to enemies. But supposition does not permit the seizure of these millions.

Finally, there are some cases in which the transfers made by Germans to save their property came so close to being legal that suits have been necessary to determine whether they will finally escape or not. Here is such a case: A naturalized American and his German brother-in-law had heavy joint interests in certain companies in the same line of business, both in Germany and America. In no case did they have actual control, though they were the dominating influence so long as they stood together.

### Traded Stocks to Avoid Seizure

When war became imminent they agreed that, should it come, they would simply trade interests, the German getting all the American's interests in the German companies, and vice versa. An audit was to be made and the balance paid in cash. This was done, and the American duly reported to the Alien Property Custodian that he owed his German brother-in-law \$15,000, which he turned over. The agreement provided that each should have an option to call for a restoration of the original status at any time within five years after the war, and so far this option of the German against the American seems to be about all that the A. P. C. can seize. The amount involved is several hundred thousand dollars.

There have also been a good many cases where from one reason or another the men who were acting as German agents in charge of companies here remain in charge of them since their "Americanization." These include some of the biggest in the country, and many men have a lingering suspicion that when the war is over they will be found working for their old masters. Mr. Garvan, however, who knows them all personally, is optimistic on this score.

"You mustn't be too hard on those men, at least some of them," he said.

## Palmer Warns That Sinister Efforts of Foe Should Not Be Overlooked

"Some of them were working to free themselves from the German control for years before the war, and are glad of the chance to get free. For a good many others it is plain that in future their interests lie with America. But in general you can safely count that they will be faithful servants of their new masters, as they were of their old ones. The German is good at taking orders, and he is more or less of a coward. They are in a position where they will suffer if they do not behave, and that is the best security you can have. Anyway, the law has not permitted us to do more than we have about them."

### Two Weapons in American Hands

Aside from the limitations which may be put on German commercial aggression by the peace conference, or which already have been placed on it by the Allied terms and by the circumstances growing out of the war, only two possibilities so far have been suggested in the way of purely American defence. The first is the revision of the tariff with a distinct view to meeting the German menace. The second is the transfer to peace uses of the commercial weapon which has grown out of the war—the import license.

Great Britain already is using this last named weapon as a protection for her industries not only against German competition but against all the world. Under this system she absolutely controls all imports, whether of manufactures or raw materials, and assures that there will not be enough of either come in to prevent the full production of her own factories, mines or farms, or to undercut the prices necessary for their prosperity. Incidentally she prevents the importation of luxuries which might drain off money needed for other purposes, but that is more or less a side issue.

It has been suggested that such a system be introduced to protect America, and on its behalf is urged that it does not give the home manufacturers or other producers the same opportunity to raise prices that a tariff will do. One such measure, designed to give the American potash production time to develop, already has been introduced in Congress, and another to do the same for the dye and chemical industry is being prepared and will be submitted by the Chemical Foundation.

### Personal Watchfulness The Real Defence

Beyond all this, however, will have to come a constant watchfulness and patriotism on the part of all Americans.

Unless they realize that a war is going on the German will be able to work in his opening wedges in many places.

Unless they are on the watch for propaganda they will succumb to much of it.

Unless they are willing to make sacrifices in temporary price advantages, and understand that those sacrifices will be to their own advantage in the long run by keeping the American producers in the field, and preventing the Germans from recovering and exploiting a monopoly, a few years will find the Hun exacting a heavy toll from us.

Finally, unless there is a careful preparation made, if another war should come, we would find the German, as in this one, in control of many of our most essential war industries, and able to cripple us beyond estimate.

### U. S. Officials Point Out Danger

The whole problem is summed up, and the danger clearly stated, in a report prepared by one of the officials of the War Trade Board. In conclusion it says:

"After considering the German pre-war achievements in the economic field as evidenced by her comprehensive system, centrally controlled; noting with pride the laudable achievements of the Allies in exposing the system and holding it in check as a war measure; perceiving the ambitious post-bellum trade plans of Germany and her aggressive measures even in the midst of conflict to counteract Allied activities and rehabilitate that system, and viewing with apprehension the apparent failure of the Allies to press their advantages with the ruthlessness characteristic of their enemies, we ask: 'After the war what is to happen in the fields of trade?'"

"All these questions affecting trade are fundamental. They must be decided at the peace table, and if there is a mistake in that decision then we do not now experience peace, but only a truce. Let every patriotic American ponder these questions:

"Is the revolution in Germany a great bluff? If not, will the training, sentiments and traditions of generations prevail over it in the reestablishment of the old order. Are not the wildly enthusiastic celebrations in Berlin, welcoming as victors not only the returning soldiers but also their officers—ex-

ponents of the old order—ominously prophetic?"

"In any event are the great business interests still, organized on the old imperialistic basis, strong and cohesive enough to support the pre-war system? These interests were represented in the original armistice commission by Mathias Erserberger. Are they playing a Machiavellian role and is their hand behind the present disorder in the selfish hope that they may survive the storm?"

This report was written shortly after the signing of the armistice. The questions asked have now been answered.

### Duty Rests on American Business Men

"There is no reason to believe," says a report by the Department of Commerce prepared by Chauncey Depew Snow, "that the insensate aspirations for dominating the labor and commerce of the world are entirely of the past. In fact, there is every reason to believe the contrary."

"There is a clear duty resting upon American business men individually to keep their eyes open to German competition in whatever form it may come. They must see to it that all operations of German enterprises shall take place in the open and bear a clear indication of having been 'made in Germany.'"

## Germany Is Turning To Latin Countries

## South America To Be Favored Zone of Teutons in Efforts to Rescue Shattered Markets

A Washington dispatch to "The San Antonio Express" says:

Despite the reverses of the war, Germany is making strenuous efforts to provide "jumping off" places from which she can make still other efforts to regain her lost trade, according to information which has reached the State Department from various sources.

She looks to South America as her great future "stamping ground" because of the presence there of neutral at the present time, and this accounts is another place that Germans have set in the category of "likely zones of occupation," and the United States is listed among countries which do not regard Germans in the same light that they are viewed by the British and French.

Hundreds of Germans, it is known, are anxious to come to the United States as soon as the peace treaty is signed. The government, however, will not permit an influx of population from the enemy's country and they therefore will be compelled to turn to other lands. The attitude of this government is known to many of them at the present time and this accounts for the rush on the Mexican and Argentine legations, especially in Berlin, by Germans who seek by migration to escape the war penalties the Allied governments will impose on their country. Most of the prospective emigrants, though, carry with them authorizations from German business houses and corporations to open branches in the countries to which they are bound.

### Would Boos?

### German Population

If Mexico permits a wholesale influx of German immigrants, which is more than a likelihood, inasmuch as the Carranza government has been unable to obtain recognition for its diplomats in France and Italy and has been refused admission in the league of nations, its German population may soar into the million class.

Recent advices have given information of the "trade onslaught" contemplated for Argentina. A syndicate of Germans has been formed for the purchase of meats, cereals and other food-stuffs there, and its representatives will soon arrive in Buenos Ayres to "look things over."

Perhaps the one thing, in the view of officials here, which will add weight and give confidence to Germany's new commercial pretensions is the reported Allied loan of \$5,000,000,000 to Germany. The United States, though, is not a party to this proposed transaction.

By force of circumstances German business men have temporarily given up whatever designs they may have had to regain their lost trade in western Europe. The hatred for all things Teutonic in France is an effective bar there, while English merchants have instituted a powerful boycott against all things German.

The campaign, which is the propaganda against goods "made in Germany," is so effective in the British Isles as to make attempts to regain that market fruitless for years to come.

ALIEN PROPERTY CUSTODIAN  
SIXTEENTH AND P STREETS, N. W.,  
WASHINGTON, D. C.

April 11, 1919.

Editor The New York Tribune, New York City.

Dear Sir: I have read with much interest the preliminary sketches of Mr. Frost's stories about the present German menace. I want to say to you that in my opinion they are a splendid presentation of our present situation, and, as far as I have gone, accurate and entirely justified by present conditions.

The situation at this time calls for just such a series of articles as Mr. Frost has written, and in order to insure their accuracy in detail I would be very glad to go over them when he has finished them and make any small corrections which the records of this office may justify. The wider publication these articles receive the greater the public service Mr. Frost has been able to render. Yours very truly,

FRANCIS P. GARVAN,  
Alien Property Custodian.